

CITY COUNCIL

Finance, Audit & Budget Committee

Monday, March 19, 2012
5:00 pm
City Council Office

The Budget and Finance Committee's responsibilities include Annual Budget Review, Capital Improvement Programs, Financial Reports, Taxes (Rates, exonerations and exemption appeals), Fee Assessments, Review of Budget & Financial Reports, oversight of the City's external auditing, internal controls and any other financial or business practices, and reviewing the work of the City Auditor.

Committee Members: Donna Reed (Chair), Randy Corcoran (Vice-Chair) and Dennis Sterner

Although Council committee meetings are open to the public, public comment is not permitted at Council Committee meetings. However, citizens are encouraged to attend and observe the meetings. Comment from citizens or professionals during the meeting may be solicited on agenda topics via invitation by the Committee Chair.

All electronic recording devices must be at the entry door in all meeting rooms and offices, as per Bill No. 7-2012

I. Legislative Review

- **Ordinance** – amending the Lease Agreement with the Water Authority regarding the Hardship Account
- **Ordinance** – amending the Lease Agreement with the Water Authority regarding the sale of land in Ontelaunee Township

- **Ordinance** – amending the 2012 general fund budget by transferring funds from the Mailroom to the Citizens Service Center
- **Resolution** – execute a 2012 CDBG Action Plan amendment by programming \$91,000 in CDBG funds for the Lance Place Playground Improvements activity
- **Resolution – Redevelopment Authority Debt** - proceeds of the debt to be issued will be used to finance a project on behalf of the Applicant consisting of, among other things, (i) the design, acquisition, construction and installation of new student housing and the construction of related roadways, paths and parking lots and facilities; (ii) the design, acquisition, construction and installation of an approximately 85,000 square foot field house; (iii) the design, construction, renovation and improvement of various capital improvements to the Applicant’s existing buildings and facilities; and (iv) the payment of the costs of issuance of the debt
- **Ordinance** – setting the salary of the Managing Director

II. **Budget Review**

- Review Expenditures/Revenues
- Review HR Consultant Contract
- Positions in the Police, Fire and Public Works Department
- Review Management Salaries

III. **Review Bank Statements**

Suggest 5 most heavily used accounts

IV. **Update from City Auditor re 2011 Audits**

- City Park Improvements
- WWTP Capital expenses (1/1/2008-6/30/2011)
- Compliance-transfers
- Follow-up to external audit findings
- **New Audit Request re Disposition of Fine Arts Money and ability of Penn Corridor to disperse these funds**

V. **Review Transfers**

VI. Review Finance Reports

- Income Statement
- Cash Flow Projection

VII. Review CSC and IT Monthly Report

IX. Update - Collection Report for Delinquent Taxes and Misc Fines & Fees (RE01) – RFP to identify new collections firm opened 3-13-12

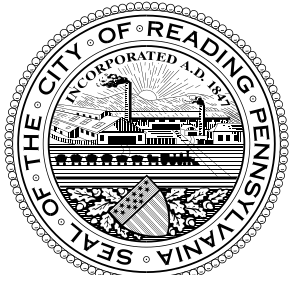
X. CD Report – Spent vs. Unspent CDBG Funds

Written Report Only

- a. Un-programmed CDBG Funds**
- b. UDAG Fund**
 - 2009 Balance Sheet/Income Statement
- c. 2010 Balance Sheet/Income Statement and quarterly report for 2010 showing revenues and expenditures**

FOLLOW UP ISSUES

1. Consider paying down Unfunded Loan debt with due to/due from settlement cash
2. Estimate for new pavement on Court St train bridge



CITY COUNCIL

Finance, Audit & Budget Committee

Meeting Report Tuesday, February 21, 2012

Committee Members Attending: D. Reed, Chair, R. Corcoran, Vice Chair, D. Sterner

Others Attending: F. Acosta, D. Cituk, C. Younger, C. Geffken, C. Zale, L. Kelleher, D. Wright, D. Kersley

Ms. Reed called the meeting to order.

Mr. Geffken requested an Executive Session to discuss personnel matters and cited Sunshine Act Section 708 (a) (1) "To discuss any matter involving the employment, appointment, termination of employment, terms and conditions of employment, evaluation of performance, promotion or disciplining of any specific prospective public officer or employee or current public officer or employee employed or appointed by the agency or former public officer or employee, provided, however, that the individual employees or appointees whose rights could be adversely affected may request, in writing, that the matter or matters be discussed at an open meeting. The agency's decision to discuss such matters in executive session shall not serve to adversely affect the due process rights granted by law, including those granted by Title 2 of the Pennsylvania Consolidated Statutes (related to administrative law and procedure). The provisions of this paragraph shall not apply to any meeting involving the appointment or selection of any person to fill a vacancy in any elected office."

Council entered Executive Session with Mr. Spencer at approximately 5:10 pm

and exited Executive Session at 6 pm.

Reimbursement Resolution

Mr. Vind from Financial Solutions distributed the pricing sheet for the Series A 2008 bond refunding, which shows that the City will realize a savings of \$300K during 2012. He stated that the final pricing will occur next Tuesday. Mr. Vind also asked Council to consider the refinancing of the 2005 bond in bank loan form which will generate approximately \$100K savings for 2013. He stated that this refinancing will retain the same debt service period.

Mr. Sterner inquired about the debt service levels for the City overall. Mr. Vind stated that the City's currently maxed out however that will level off in the next three (3) to four (4) years. He noted that the City's debt level is moderately high when considering the debt ratio on a per capita basis. He reminded Council that several years ago legislation was passed to flatten the debt service payments and to eliminate the payment spikes. This move allowed for better financial planning on the repayment of the debt service.

Mr. Geffken noted the need to consider paying down some of the unfunded debt with the cash obtained from the settlement of the due to/due froms.

Update from City Auditor – Re: 2011 Capital Project Audits

Mr. Cituk distributed copies of the audit for the Pagoda renovations and the Pagoda repairs.

Mr. Cituk stated that the Pagoda renovations occurred between 2007 and 2010 and consisted of new roofing, lighting and general construction. He stated that the project was budgeted at \$1.4M and came in \$29K under budget. He stated that the Pagoda repairs to the retaining wall occurred in 2006. The project was budgeted at \$35K but came in at \$72K.

Mr. Cituk stated that he would distribute the audit on the City Park improvements at the next Finance, Audit and Budget Committee meeting.

Finance Reports

Mr. Zale reviewed the finance reports attached to the agenda showing that revenue collection at the end of January was at 4% and expenditures came in at 6%.

Mr. Acosta questioned how the Mayor's expenses are only at 7%, as several

unbudgeted positions are receiving compensation. Mr. Cituk noted that three (3) of these positions are in as part-timers and he explained the delayed pay schedule for part-time employees.

Mr. Zale stated that transfers in come to \$266K resulting in 3% of budget. Mr. Geffken noted that the first quarter is cash lean period for the City annually. He noted that often cities use TRAN (Tax Revenue Anticipation Notes) to cover these lean months.

Mr. Geffken reviewed the remaining report with the Committee along with the schedule of transfers. He stated that projections at the end of January show that the City should end 2012 with a \$10M balance.

Mr. Acosta noted that Council will be voting on Monday night on the ordinance which will reduce the Administration's ability to make payments without Council approval from \$15K to \$25K. There was next a discussion about this practice used in other cities. Mr. Sterner recalled that Allentown applied a \$10K limit.

Legislative Review

Ordinance - amending the 2012 general fund budget, reallocating certain salary and benefit expenses and amending the 2012 position ordinance to provide funding for positions in the Office of the Mayor (**Bus Analyst and Council**) *Introduced at the February 13 regular meeting*

Ordinance - amending the 2012 City of Reading listing of positions by eliminating and adding positions in the Mayor's Office (**Bus Analyst and Council**) *Introduced at the February 13 regular meeting*

Before leaving, Mr. Kersley distributed a worksheet showing that the positions requested by the Mayor can be funded by unfilled positions for the 1st quarter of 2012.

Mr. Sterner questioned the need for the Communications position as this position was recently eliminated from the Harrisburg budget.

Ms. Goodman-Hinnershitz noted the need for Council to evaluate the sustainability for funding these positions and also evaluate the job descriptions. Ms. Kelleher distributed one copy of the job descriptions and noted that they do

not match the City's format.

The Committee decided to defer the remaining discussion until the Mayor and Managing Director are present.

Resolution - authorizing the Mayor to execute a FFY2008 (34th CD year - January 1, 2008 to December 31, 2008) CDBG-R Action Plan Amendment to cancel the 500 block of Franklin Street Improvements activity and to re-program \$200,000 in CDBG-R funds for the 500 to 700 blocks of Court Street Improvements activity (**Community Development**)

Mr. Wright explained that the CDBG-R funds are stimulus funds which need to be spent by October 2012. The Administration is recommending the repaving of the 500-700 blocks of Court Street at a cost of \$200K.

Mr. Sterner questioned if funding will be provided for the Lance Place Playground improvements. Mr. Wright stated that \$90K in grant funding will be provided for improvements at this playground. Council members present agreed with the need for this improvement project. Ms. Kelleher noted that this particular item is eligible for adoption at the last meeting in March 2012.

Ms. Goodman-Hinnershitz noted the poor condition of the sidewalks on the Court Street train bridge. She suggested that as the City will be improving the handicap access to the bridge sidewalks, that the City also consider replacing the sidewalks at this time. Mr. Wright was asked to get a cost for the replacement of the sidewalks at the Court Street train bridge.

Ordinance - amending the 2012 solid waste budget, reallocating certain advertising, contracted services and postage funds to the 2012 vehicles budget (**Bus Analyst**)

Discussion on this topic was deferred as the Managing Director was not present.

Resolution - The administration wishes to execute a 2012 CDBG Action Plan amendment by programming \$50,000 in CDBG funds for the Microenterprise Technical Assistance activity (see attachment) (**Community Development**)

Mr. Acosta suggested deferring on this Resolution until the new CD Director is

on board and has reviewed it. He inquired if Mr. Wright drafted this piece of legislation. Mr. Wright stated that this legislation was prepared by the Business Analyst. He stated that it is thought that this activity would compliment the Micro-Loan program.

Mr. Acosta noted the need for a full explanation about this new program.

Update: Collection Report for Delinquent Taxes and Misc. Fines

Mr. Younger noted that bids are due at the beginning of March 2012.

Council Policy Handbook

Ms. Kelleher stated that an updated Council Policy handbook is attached to the agenda. She suggested that Council familiarize themselves with this handbook as it provides some instruction and policy around issues like scheduling district/town meetings, procedures for HARB appeal hearings, procedures for Conditional Use hearings, procedures for conducting appointments of Department Directors, etc.

Mr. Acosta suggested that Council set aside a Saturday morning to review this document in full.

Ms. Kelleher also noted the release of the Annual Staff Report and the issuance of the January Council Report. She noted that this report has been updated to merge the Council Activity Report with the Council Staff Report.

Ms. Goodman-Hinnershitz noted the need for the Committee of Whole discussion on some things that were on the Public Safety/Public Works agendas such as the Property Maintenance Code, the Quality of Life Ticketing ordinance, and the Merchant Parking Permit. Mr. Acosta stated that Ms. Kelleher read the Property Maintenance Code amendment and expressed the belief that it was ready for enactment. He noted that the Quality of Life Ticketing Ordinance needs discussion with the Administration.

Mr. Sterner agreed with the need to review this ordinance. He also noted that the City did a warning program as part of its education for City residents. He also added that several flyers about the program were issued in water bills in the first half of the 2011.

Ms. Goodman-Hinnershitz expressed the belief that the individual Quality of Life issues need to be prioritized and evaluated to determine which are true

Quality of Life issues and which should receive a warning rather than a ticket.

Mr. Marmarou expressed the belief that the Quality of Life ticketing program is a common sense program. He compared the Quality of Life ticketing to traffic citations. Mr. Acosta agreed but noted that different areas of the City have different situations.

Mr. Acosta and Mr. Sterner noted that Council and the Parking Authority are waiting for direction from the Administration on the continuation or elimination of the Merchant Parking Permit Program.

Ms. Goodman-Hinnershitz suggested inviting the Recreation Commission new executive director to the March Work Session.

The Committee's session was adjourned at approximately 7:30 pm.

Respectfully submitted by Linda Kelleher, City Clerk

FOLLOW UP ISSUES

3. Consider paying down Unfunded Loan debt with due to/due from settlement cash
4. Estimate for new pavement on Court St train bridge
5. Defer CDBG amendment on Microenterprise Technical Assistance activity until CD Director reviews the amendment and makes a recommendation
6. Review RFPs for Delinquent BPL and other fee/tax collection
7. Saturday session for review of Council Policy Book and QoL Program – scheduled for Sat, March 3rd.

BILL No. ____-2012
AN ORDINANCE

**AN ORDINANCE AMENDING THE LEASE AGREEMENT
BETWEEN THE CITY OF READING AND THE READING AREA
WATER AUTHORITY**

The City of Reading City Council hereby ordains as follows:

Section 1. Authorizing the Mayor of the City of Reading to execute the attached addendum to the Lease Operating Agreement between the Reading Area Water Authority (RAWA) and the City of Reading.

Section 2. This ordinance shall become effective ten (10) days after its adoption, in accordance with Sections 219 & 221 of the City of Reading Home Rule Charter.

Enacted:

_____, 2012

President of Council

Attest:

City Clerk

(Council Staff)

Submitted to Mayor: _____

Date: _____

Received by the Mayor's Office: _____

Date: _____

Approved by Mayor: _____

Date: _____

February 23, 2012

The Honorable Mayor and City Council of
The City of Reading
815 Washington Street
Reading, PA 19601

RE: Letter of Intent to establish Water and Sewer Hardship Fund

Ladies and Gentlemen:

On a preliminary basis, the City and RAWA agree to evaluate the effectiveness and financial and administrative requirements for the development of an independently administered fund, jointly funded by RAWA and City, to be used to subsidize the joint cost of providing water (by the Authority) and sewer services (by the City) to residential consumers residing in the City and temporarily unable to pay such costs (the "Hardship Fund"). Such preliminary evaluation will include, among other things, exploration of the administrative costs and burdens in the event of the establishment of the Hardship Fund, identification of potential eligibility criteria for customers to receive a subsidy through the Hardship Fund, and development of parameters for the administration, investment, management, dispersing and dissolution of the Hardship Fund. The City and RAWA agree that such preliminary evaluation of the Hardship Fund does not obligate either party to actually establish or contribute to any such Hardship Fund

This letter is not a legally binding agreement.

Neither RAWA nor the City shall have an obligation to close the transactions described herein until such time as they, in their sole and absolute discretion, enter into appropriate formal legal documentation.

Please note that the terms of this letter will expire at 5:00 PM (Eastern Time) on March __, 2012, unless RAWA shall have received on or prior to such time notice of the City's acceptance of this letter.

We look forward to having the opportunity to discuss our offer with you

Sincerely,

Reading Area Water Authority

By: _____
Chairman

AGREED TO AND ACCEPTED BY THE CITY:

Name: Vaughn Spencer
Title: Mayor
Date: _____

**THIRD ADDENDUM TO THE TO LEASE AND OPERATING AGREEMENT
BETWEEN THE CITY OF READING, PENNSYLVANIA AND
THE READING AREA WATER AUTHORITY**

THIS THIRD ADDENDUM, dated this 23rd day of February, 2012 (“Addendum Date”) (the “Third Addendum”), is hereby agreed upon by the City of Reading, Berks County, Pennsylvania (“City”), and the Reading Area Water Authority (“Authority”), and hereby amends the Lease and Operating Agreement between the City and the Authority dated May 20, 1994, effective June 1, 1994, as supplemented in January 1995 and amended in October 1997 and December 2010.

RECITALS

A. WHEREAS, the Authority has been incorporated pursuant to an ordinance of the Council of the City and is existing under the provisions of the Act of Assembly approved May 22, 1945, P.L. 382, as amended and supplemented, known as the “Municipality Authorities Act of 1945” (the “Act”);

B. WHEREAS, the City leases its Water System to the Authority pursuant to the terms of the Original Amended Lease (hereinafter defined);

C. WHEREAS, the parties mutually desire to enter into this Third Addendum to facilitate certain additional payments to the City by the Authority to assist in the Act 47 recovery program of the City.

NOW, THEREFORE, the Authority and the City, in consideration of the agreements, conditions and covenants herein contained, each intending to be legally bound, hereby, covenant and agree as follows:

(1) Definitions. Unless otherwise defined herein, all capitalized terms used in this Third Addendum shall have the meanings ascribed to them in the Original Amended Lease.

(a) All references in this Third Addendum or the Original Amended Lease to the “Lease” or “herein” or “hereunder” or other similar terms shall mean the Original Amended Lease, as amended by this Third Addendum.

(b) “Original Amended Lease” shall mean the collective agreement by and between the City and the Authority as evidenced by the Lease and Operating Agreement between the City and the Authority dated May 20, 1994, effective June 1, 1994, as supplemented in January 1995 and amended in October 1997 and December 2010.

(2) Lease Payments.

(a) 2012 Lease Payment. The Authority agrees that the Financing Fee component of the Original Amended Lease for calendar year 2012 shall be FIVE MILLION NINE HUNDRED TWENTY THOUSAND DOLLARS (\$5,920,000). The FIVE MILLION NINE HUNDRED TWENTY THOUSAND DOLLARS (\$5,920,000)

Financing Fee shall be used when calculating any reconciliation of the 2012 Lease payments.

(b) 2013 Lease Payment. The Authority agrees that the Financing Fee component of the Original Amended Lease for calendar year 2013 shall be SIX MILLION FOUR HUNDRED SEVENTY THOUSAND DOLLARS (\$6,470,000). The SIX MILLION FOUR HUNDRED SEVENTY THOUSAND DOLLARS (\$6,470,000) Financing Fee shall be used when calculating any reconciliation of the 2013 Lease payments.

(c) 2014 Lease Payment. The Authority agrees that the Financing Fee component of the Original Amended Lease for calendar year 2014 shall be SIX MILLION SIX HUNDRED SEVENTY THOUSAND DOLLARS (\$6,670,000). The SIX MILLION SIX HUNDRED SEVENTY THOUSAND DOLLARS (\$6,670,000) Financing Fee shall be used when calculating any reconciliation of the 2014 Lease payments.

(d) Subsequent Lease Payments. All lease payments due after the 2014 calendar year shall be calculated and paid in accordance with the terms of the Original Amended Lease.

(e) Meter Surcharge Payments to Continue. The Authority shall continue to pay to the City ONE MILLION SEVEN HUNDRED THOUSAND DOLLARS (\$1,700,000) annually, which shall be due and payable to the City each calendar year in equal monthly installments in accordance with Article VI of the Original Amended Lease.

(3) Conveyance of Ontelaunee Property. The City hereby agrees to convey to the Authority the approximately one hundred twenty (120) acre parcel of land located in Ontelaunee Township, Berks County, Pennsylvania owned by the City in which the Authority's raw water conveyance mains are located (the "Ontelaunee Property") as soon as practicable after the execution hereof. If subdivision planning is required to allow the Ontelaunee Property to be conveyed, the City hereby appoints the Authority as its agent to prosecute a subdivision plan with Ontelaunee Township. Notwithstanding the foregoing, the City shall not bear any responsibility for the Authority's actions while prosecuting such subdivision nor shall the City be responsible for contributing to any fees, costs or resources required for the prosecution of such subdivision. In furtherance of the foregoing, the Authority hereby waives all restrictions associated with the Ontelaunee Property resulting from the Second Addendum to the Original Amended Lease and will execute a document evidencing such waiver to be recorded by the City with the Berks County Recorder of Deeds Office at the Authority's expense. In connection with the conveyance of the Ontelaunee Property to the Authority, the Authority agrees that such conveyance shall be subject to a grant of a right of first refusal to the City prior to any conveyance from the Authority to a third party. Such right of first refusal in favor of the City shall be recorded against the Ontelaunee Property. In addition, prior to any transfer of interest of the Ontelaunee Property to a third party by the Authority, the Authority shall reserve and record easements in favor of the City

associated with all above and underground improvements on the Ontelaunee Property associated with the extraction, treatment or conveyance of potable water. In furtherance of the foregoing, the Authority shall consult with the City prior to executing any form of agreement conveying an interest in the Ontelaunee Property (including, without limitation, a purchase sale agreement, leasehold interest, mortgage, easement or right-of-way).

(4) Conveyance of Store Yard Property. The City hereby agrees to convey to the Authority the City-owned land accessible from Kutztown Road in the City of Reading and commonly known as the “store yard” property as soon as practicable after the execution hereof, subject to all encumbrances on such “store yard” property.

(5) Vacation of Moss Street (unopened) between Exeter Street and Hiester’s Lane. The City shall take such actions as are necessary to vacate the unopened portion of Moss Street located north of Bern Street and south of Rockland Street in the City of Reading, which will cause the land on which such unopened street is located to become vested in the adjacent property owners unless otherwise provided by applicable laws.

(6) Authority Billing for Sewer Service and Other Services. The Authority agrees to assume responsibility for billing of sewer service accounts and such other accounts as the City requests the Authority to provide billing services, all of which will be in conjunction with the Authority’s billing of water service accounts. The City shall pay to the Authority the Authority’s actual cost of providing such sewer and other City requested billing services. Absent an agreement to the contrary entered into subsequent to the date of execution hereof, the costs to be paid by the City to the Authority for such billing services shall be half of the actual, commercially reasonable costs directly incurred by the Authority to maintain the billing system and generate and mail the joint Authority and City bills. The Authority will invoice the City for the same. The City shall pay such invoice within forty-five days of the City’s receipt of the invoice unless the amount calculated by the Authority is reasonably disputed by the City. The Authority shall make available to the City upon request the records used in the calculation. The Authority shall maintain such records for no less than five (5) years. Unless otherwise terminated, modified or extended by a separate written agreement signed by the Authority and City, this Section 6 of the Third Addendum shall terminate and be of no effect on and after January 1, 2014, except that the City shall pay for any costs incurred by the Authority in accordance with this Section 6 of the Third Addendum prior to January 1, 2014, upon the City’s receipt of an invoice for such costs after the termination of this Section 6 of the Third Addendum.

(7) Allocation of Revenues. The Authority shall equitably and ratably allocate and distribute payments received by the Authority on the behalf of joint customers. The Authority and City agree to cooperate in good faith to establish a formal administrative policy governing such allocation and distribution.

(8) Sewer Multiplier. In connection with its agreement to make the additional payments required hereby, the Authority anticipates instituting a water rate increase applicable beginning January 1, 2012 of approximately 10.50%. The City agrees that the

water rate increase proposed by the Authority will not be applied in a manner as to compound sewer rates solely by application of the sewer rate multiplier. Notwithstanding the foregoing, the City reserves the right to increase or modify sewer rates as it deems necessary or convenient in its sole discretion.

(9) Indemnification. The Authority shall indemnify, defend and hold harmless (with counsel selected by the City is its sole discretion) the City and its officers, Council members, employees, agents, successors and assigns (the "Indemnified Parties"), from and against any and all injuries, losses, claims, damages, costs, expenses (including, without limitation, reasonable attorneys' fees and experts' fees), liabilities, fines, penalties or settlement amounts, threatened, incurred, or imposed on or against the Indemnified Parties arising from or related to the conveyance or subdivision of any right, title or interest in the real property subject to this Third Addendum. This Section 8 shall survive the expiration or termination of the Lease.

(10) Take-Back Powers. The City shall retain all rights and powers by operation of law, including, but not limited to, the Municipalities Authorities Act, 53 Pa. C.S.A. 5622, to require the Authority to convey the water system to the City upon assumption by the City of the obligations incurred by the Authority with respect to the water system (the "Take-Back Powers"). Except as provided below, the Authority shall not take any actions which will hinder, limit or interfere with the City's Take-Back Powers, including, but not limited to, entering into any agreement, contract, loss obligation, bond, trust indenture or pledge that contains terms that limit, directly or indirectly, or attempt to limit the City's Take-Back Powers. Notwithstanding the foregoing, the City acknowledges that in the exercise of its responsibilities to operate and maintain the Water System, of necessity the Authority will routinely enter into transactions, including the issuance of debt, the employment of personnel pursuant to collective bargaining agreements and other transactions that may have the affect of increasing the obligations of the Authority with respect to the Water System that the City will need to assume to exercise its Take Back Powers. There is no intent to restrict the Authority's ability to operate and maintain the water system by entering into such transactions so long as such transactions are entered on commercially reasonable terms, are necessary for the efficient operation of the Water Systems, and were entered with no intent to hinder, limit or interfere with the City's exercise of its Take Back Powers.

IN WITNESS WHEREOF, the City of Reading, Berks County, Pennsylvania has caused this Third Addendum to be executed in its name and on its behalf by its Mayor and its official seal to be affixed hereunder and attested by its City Clerk, and the Reading Area Water Authority has caused this Agreement to be executed in its name and on its behalf by its Chairperson or Vice Chairperson and its corporate seal to be affixed hereto and attested by its Secretary or Assistant Secretary, all as of the day and year first above written.

City of Reading

Reading Area Water Authority

By: _____

By: _____

Mayor

Chairperson

Attest: _____
City Clerk

Attest: _____
Secretary

AN ORDINANCE

AUTHORIZING THE MAYOR TO EXECUTE THE THIRD ADDENDUM TO THE LEASE AND OPERATING AGREEMENT BETWEEN THE CITY OF READING, PENNSYLVANIA AND THE READING AREA WATER AUTHORITY, IN THE FORM ATTACHED HERETO AS EXHIBIT “A”, AND SUCH OTHER DOCUMENTS NECESSITATED THEREBY, INCLUDING, WITHOUT LIMITATION, (1) A DEED CONVEYING TO THE READING AREA WATER AUTHORITY AN APPROXIMATELY ONE HUNDRED TWENTY (120) ACRE PARCEL OF LAND LOCATED IN ONTELANUEE TOWNSHIP OWNED BY THE CITY AND (2) A DEED CONVEYING TO THE READING AREA WATER AUTHORITY AN APPROXIMATELY TWO AND THIRTY-NINE ONE HUNDREDTHS (2.39) ACRE PARCEL OF LAND OWNED BY THE CITY AND LOCATED AT 1801 MOSS STREET IN THE CITY OF READING.

WHEREAS, the City of Reading (the “City”) is the titled owner of the premises adjacent to Lake Ontelaunee consisting of approximately one thousand twenty (1,020) acres in Ontelaunee Township, Berks County, Pennsylvania, also known as Parcel Identification Number 68540100609178;

WHEREAS, a portion of such premises is used in connection with the drinking water services provided by the Reading Area Water Authority (the “Authority”) and the Authority desires to acquire a fee simple interest in such portion of the premises, consisting of approximately one hundred twenty (120) acres in total (the “Ontelaunee Property”), in order for the Authority to continue to provide drinking water services; and

WHEREAS, the City is the titled owner of the premises consisting of approximately two and thirty-nine one hundredths (2.39) acres located at 1801 Moss Street in the City of Reading, Berks County, Pennsylvania, also known as Parcel Identification Number 17531877004325 (the Store Yard Property”);

WHEREAS, the Authority plans to make certain improvements in the vicinity of and/or on the Store Yard Property; and

WHEREAS, in exchange for the aforesaid conveyances, and other good and valuable consideration, the Authority has agreed to pay the City such consideration set forth in Exhibit “A” as the financing fee under the Third Addendum to the Lease and Operating Agreement.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF READING HEREBY
ORDAINS AS FOLLOWS:

SECTION 1: The Mayor is authorized to execute the Third Addendum to the Lease and Operating Agreement between the City of Reading, Pennsylvania and the Reading Area Water Authority, in the form attached hereto as Exhibit "A", and other such documents necessitated thereby, including, without limitation a deed conveying to the Reading Area Water Authority the Ontelaunee Property and Store Yard Property.

SECTION 2: This Ordinance shall be effective ten (10) days after City Council's passage and approval by the Mayor, or as otherwise provided by the City of Reading's Home Rule Charter.

Enacted _____, 2012

President of Council

Attest:

City Clerk

(LAW DEPT.)

Submitted to Mayor: _____

Date: _____

Received by the Mayor's Office: _____

Date: _____

Approved by Mayor: _____

Date: _____

Vetoed by Mayor: _____

Date: _____

Exhibit “A”

Third Addendum to the Lease and Operating Agreement between the City of Reading,
Pennsylvania and the Reading Area Water Authority

**THIRD ADDENDUM TO THE TO LEASE AND OPERATING AGREEMENT
BETWEEN THE CITY OF READING, PENNSYLVANIA AND
THE READING AREA WATER AUTHORITY**

THIS THIRD ADDENDUM, dated this ____ day of _____, 2012 (“Addendum Date”) (the “Third Addendum”), is hereby agreed upon by the City of Reading, Berks County, Pennsylvania (“City”), and the Reading Area Water Authority (“Authority”), and hereby amends the Lease and Operating Agreement between the City and the Authority dated May 20, 1994, effective June 1, 1994, as supplemented in January 1995 and amended in October 1997 and December 2010.

RECITALS

D. WHEREAS, the Authority has been incorporated pursuant to an ordinance of the Council of the City and is existing under the provisions of the Act of Assembly approved May 22, 1945, P.L. 382, as amended and supplemented, known as the “Municipality Authorities Act of 1945” (the “Act”);

E. WHEREAS, the City leases its Water System to the Authority pursuant to the terms of the Original Amended Lease (hereinafter defined);

F. WHEREAS, the parties mutually desire to enter into this Third Addendum to facilitate certain additional payments to the City by the Authority to assist in the Act 47 recovery program of the City.

NOW, THEREFORE, the Authority and the City, in consideration of the agreements, conditions and covenants herein contained, each intending to be legally bound, hereby, covenant and agree as follows:

(11) Definitions. Unless otherwise defined herein, all capitalized terms used in this Third Addendum shall have the meanings ascribed to them in the Original Amended Lease.

(a) All references in this Third Addendum or the Original Amended Lease to the “Lease” or “herein” or “hereunder” or other similar terms shall mean the Original Amended Lease, as amended by this Third Addendum.

(b) “Original Amended Lease” shall mean the collective agreement by and between the City and the Authority as evidenced by the Lease and Operating Agreement between the City and the Authority dated May 20, 1994, effective June 1, 1994, as supplemented in January 1995 and amended in October 1997 and December 2010.

(12) Lease Payments.

(a) 2012 Lease Payment. The Authority agrees that the Financing Fee component of the Original Amended Lease for calendar year 2012 shall be FIVE MILLION NINE HUNDRED TWENTY THOUSAND DOLLARS (\$5,920,000). The FIVE MILLION NINE HUNDRED

TWENTY THOUSAND DOLLARS (\$5,920,000) Financing Fee shall be used when calculating any reconciliation of the 2012 Lease payments.

(b) 2013 Lease Payment. The Authority agrees that the Financing Fee component of the Original Amended Lease for calendar year 2013 shall be SIX MILLION FOUR HUNDRED SEVENTY THOUSAND DOLLARS (\$6,470,000). The SIX MILLION FOUR HUNDRED SEVENTY THOUSAND DOLLARS (\$6,470,000) Financing Fee shall be used when calculating any reconciliation of the 2013 Lease payments.

(c) 2014 Lease Payment. The Authority agrees that the Financing Fee component of the Original Amended Lease for calendar year 2014 shall be SIX MILLION SIX HUNDRED SEVENTY THOUSAND DOLLARS (\$6,670,000). The SIX MILLION SIX HUNDRED SEVENTY THOUSAND DOLLARS (\$6,670,000) Financing Fee shall be used when calculating any reconciliation of the 2014 Lease payments.

(d) Subsequent Lease Payments. All lease payments due after the 2014 calendar year shall be calculated and paid in accordance with the terms of the Original Amended Lease.

(e) Meter Surcharge Payments to Continue. The Authority shall continue to pay to the City ONE MILLION SEVEN HUNDRED THOUSAND DOLLARS (\$1,700,000) annually, which shall be due and payable to the City each calendar year in equal monthly installments in accordance with Article VI of the Original Amended Lease.

(13) Conveyance of Ontelaunee Property. The City hereby agrees to convey to the Authority the approximately one hundred twenty (120) acre parcel of land located in Ontelaunee Township, Berks County, Pennsylvania owned by the City in which the Authority's raw water conveyance mains are located (the "Ontelaunee Property") as soon as practicable after the execution hereof. If subdivision planning is required to allow the Ontelaunee Property to be conveyed, the City hereby appoints the Authority as its agent to prosecute a subdivision plan with Ontelaunee Township. Notwithstanding the foregoing, the City shall not bear any responsibility for the Authority's actions while prosecuting such subdivision nor shall the City be responsible for contributing to any fees, costs or resources required for the prosecution of such subdivision. In furtherance of the foregoing, the Authority hereby waives all restrictions associated with the Ontelaunee Property resulting from the Second Addendum to the Original Amended Lease and will execute a document evidencing such waiver to be recorded by the City with the Berks County Recorder of Deeds Office at the Authority's expense. In connection with the conveyance of the Ontelaunee Property to the Authority, the Authority agrees that such conveyance shall be subject to a grant of a right of first refusal to the City prior to any conveyance from the Authority to a third party. Such right of first refusal in favor of the City shall be recorded against the Ontelaunee Property. In addition, prior to any transfer of interest of the Ontelaunee Property to a third party by the Authority, the Authority shall reserve and record easements in favor of the City associated with all above and underground improvements on the Ontelaunee Property associated with the extraction, treatment or conveyance of potable water. In furtherance of the foregoing, the Authority shall consult with the City prior to executing any form of agreement conveying an interest in the Ontelaunee Property (including, without limitation, a purchase sale agreement, leasehold interest, mortgage, easement or right-of-way).

(14) Conveyance of Store Yard Property. The City hereby agrees to convey to the Authority the City-owned land accessible from Kutztown Road in the City of Reading and commonly known as the “store yard” property as soon as practicable after the execution hereof, subject to all encumbrances on such “store yard” property.

(15) Vacation of Moss Street (unopened) between Exeter Street and Hiester’s Lane. The City shall take such actions as are necessary to vacate the unopened portion of Moss Street located north of Bern Street and south of Rockland Street in the City of Reading, which will cause the land on which such unopened street is located to become vested in the adjacent property owners unless otherwise provided by applicable laws.

(16) Authority Billing for Sewer Service and Other Services. The Authority agrees to assume responsibility for billing of sewer service accounts and such other accounts as the City requests the Authority to provide billing services, all of which will be in conjunction with the Authority’s billing of water service accounts. The City shall pay to the Authority the Authority’s actual cost of providing such sewer and other City requested billing services. Absent an agreement to the contrary entered into subsequent to the date of execution hereof, the costs to be paid by the City to the Authority for such billing services shall be half of the actual, commercially reasonable costs directly incurred by the Authority to maintain the billing system and generate and mail the joint Authority and City bills. The Authority will invoice the City for the same. The City shall pay such invoice within forty-five days of the City’s receipt of the invoice unless the amount calculated by the Authority is reasonably disputed by the City. The Authority shall make available to the City upon request the records used in the calculation. The Authority shall maintain such records for no less than five (5) years. Unless otherwise terminated, modified or extended by a separate written agreement signed by the Authority and City, this Section 6 of the Third Addendum shall terminate and be of no effect on and after January 1, 2014, except that the City shall pay for any costs incurred by the Authority in accordance with this Section 6 of the Third Addendum prior to January 1, 2014, upon the City’s receipt of an invoice for such costs after the termination of this Section 6 of the Third Addendum.

(17) Allocation of Revenues. The Authority shall equitably and ratably allocate and distribute payments received by the Authority on the behalf of joint customers. The Authority and City agree to cooperate in good faith to establish a formal administrative policy governing such allocation and distribution.

(18) Sewer Multiplier. In connection with its agreement to make the additional payments required hereby, the Authority anticipates instituting a water rate increase applicable beginning January 1, 2012 of approximately 10.50%. The City agrees that the water rate increase proposed by the Authority will not be applied in a manner as to compound sewer rates solely by application of the sewer rate multiplier. Notwithstanding the foregoing, the City reserves the right to increase or modify sewer rates as it deems necessary or convenient in its sole discretion.

(19) Indemnification. The Authority shall indemnify, defend and hold harmless (with counsel selected by the City is its sole discretion) the City and its officers, Council members, employees, agents, successors and assigns (the “Indemnified Parties”), from and against any and all injuries, losses, claims, damages, costs, expenses (including, without limitation, reasonable attorneys’ fees and experts’ fees), liabilities, fines, penalties or settlement amounts, threatened, incurred, or imposed on

or against the Indemnified Parties arising from or related to the conveyance or subdivision of any right, title or interest in the real property subject to this Third Addendum. This Section 8 shall survive the expiration or termination of the Lease.

(20) Take-Back Powers. The City shall retain all rights and powers by operation of law, including, but not limited to, the Municipalities Authorities Act, 53 Pa. C.S.A. 5622 , to require the Authority to convey the water system to the City upon assumption by the City of the obligations incurred by the Authority with respect to the water system(the "Take-Back Powers"). Except as provided below, the Authority shall not take any actions which will hinder, limit or interfere with the City's Take-Back Powers, including, but not limited to, entering into any agreement, contract, loss obligation, bond, trust indenture or pledge that contains terms that limit, directly or indirectly, or attempt to limit the City's Take-Back Powers. Notwithstanding the foregoing, the City acknowledges that in the exercise of its responsibilities to operate and maintain the Water System, of necessity the Authority will routinely enter into transactions, including the issuance of debt, the employment of personnel pursuant to collective bargaining agreements and other transactions that may have the affect of increasing the obligations of the Authority with respect to the Water System that the City will need to assume to exercise its Take Back Powers. There is no intent to restrict the Authority's ability to operate and maintain the water system by entering into such transactions so long as such transactions are entered on commercially reasonable terms, are necessary for the efficient operation of the Water Systems, and were entered with no intent to hinder, limit or interfere with the City's exercise of its Take Back Powers.

IN WITNESS WHEREOF, the City of Reading, Berks County, Pennsylvania has caused this Third Addendum to be executed in its name and on its behalf by its Mayor and its official seal to be affixed hereunder and attested by its City Clerk, and the Reading Area Water Authority has caused this Agreement to be executed in its name and on its behalf by its Chairperson or Vice Chairperson and its corporate seal to be affixed hereto and attested by its Secretary or Assistant Secretary, all as of the day and year first above written.

City of Reading

Reading Area Water Authority

By: _____
Mayor

By: _____
Chairperson

Attest: _____
City Clerk

Attest: _____
Secretary

BILL NO. _____ - 2012

AN ORDINANCE

AN ORDINANCE AMENDING THE 2012 CITY OF READING GENERAL FUND BUDGET BY AUTHORIZING THE TRANSFER OF FUNDS FROM THE MAILROOM DIVISION TO THE CITIZENS SERVICE CENTER (CSC).

THE CITY OF READING HEREBY ORDAINS AS FOLLOWS:

SECTION 1. Amending the City of Reading 2012 Budget by authorizing the transfer of a total of \$124,966 from the Mailroom Division to the Citizens Service Center. (See attached affected line items)

SECTION 2. This ordinance shall become effective ten (10) days after its adoption, in accordance with Sections 219 & 221 of the City of Reading Home Rule Charter.

Enacted _____, 2012

President of Council

Attest:

City Clerk

Submitted to Mayor: _____

Date: _____

Received by the Mayor's Office: _____

Date: _____

Approved by Mayor: _____

Date: _____

Budget Modification Proposal

Move all Mailroom lines from Human Resources (01-11-22-xxxx) to CSC (01-06-19-xxxx)

		2012 Budget	Expended as of 2/23/12	Funds Remaining as of 2/23/12
22	Mailroom			
01-11-22-4000	Salaries	35,315	-	35,315
01-11-22-4402	Maintenance/Repair Equipment	5,000	-	5,000
01-11-22-4509	Postage	55,000	1,254	53,746
01-11-22-4900	Fringe Benefits	16,080	1,631	14,449
01-11-22-4901	Pension	13,754	-	13,754
01-11-22-4913	Social Security	2,702	-	2,702
22	Mailroom	127,851	2,885	124,966

Move From:		Amount	Move To:	
01-11-22-4000	Salaries	35,315	01-06-19-4000	Salaries
01-11-22-4402	Maintenance/Repair Equipment	5,000	01-06-19-4402	Maintenance/Repair Equipment
01-11-22-4509	Postage	53,746	01-06-19-4509	Postage

01-11-22-4900	Fringe Benefits	14,449	01-06-19-4900	Fringe Benefits
01-11-22-4901	Pension	13,754	01-06-19-4901	Pension
01-11-22-4913	Social Security	<u>2,702</u>	01-06-19-4913	Social Security
		124,966		

This proposal changes the current Mailroom Clerk position to that of a Municipal Aide II. The position will perform mailroom duties as well as CSC duties, each a portion of the day.



AGENDA MEMO
COMMUNITY DEVELOPMENT

TO: CITY COUNCIL
FROM: CARL GEFFKEN, ACTING C. D. DEPARTMENT DIRECTOR
MEETING DATE: **MARCH 26, 2012**
AGENDA MEMO DATE: FEBRUARY 10, 2012
REQUESTED ACTION: TO APPROVE AN AMENDMENT TO THE FFY2012
(38TH YEAR - JANUARY 1, 2012 TO DECEMBER 31, 2012)
CDBG ACTION PLAN

CD is asking City Council to pass the resolution at the **March 26, 2012** City Council meeting.

BACKGROUND: The administration wishes to execute a 2012 CDBG Action Plan amendment by programming \$91,000 in CDBG funds for the Lance Place Playground Improvements activity.

BUDGETARY IMPACT: CDBG funded activities assist in relieving general fund pressures.

PREVIOUS ACTION: None.

SUBSEQUENT ACTION: None.

RECOMMENDED BY: Department of Public Works Director, Managing Director and Mayor.

RECOMMENDED MOTION: To approve/deny a Council Resolution authorizing the Mayor to execute a FFY2012 (38th CD year - January 1, 2012 to December 31, 2012) CDBG Action Plan Amendment to program \$91,000 in CDBG funds for the Lance Place Playground Improvements activity.

Cc: Michael Dee
Cindy DeGroot
Charlie Jones
Neil Nemeth
Alex Palacios
Dan Wright

RESOLUTION NO. _____

**RESOLUTION OF THE COUNCIL OF THE CITY OF READING
AUTHORIZING THE MAYOR TO EXECUTE A
FFY2012 CDBG ACTION PLAN AMENDMENT**

WHEREAS, under 24 CFR Part 91, the U.S. Department of Housing and Urban Development (HUD) outlines the consolidated submissions for community planning and development programs which will serve as: (1) a planning document for the City that builds on a participatory process at the grass roots level, (2) an application for federal funds under HUD's formula grant program, (3) a strategy to be followed in carrying out HUD programs, and (4) an Action Plan that provides a basis for assessing performance;

WHEREAS, the FFY2012 (38th CD year January 1, 2012 to December 31, 2012) CDBG Action Plan has been prepared meeting HUD's requirements and providing guidance for addressing the housing and community development needs of the City;

WHEREAS, \$91,000 in CDBG funding is currently available to fund the new activity.

NOW, THEREFORE BE IT RESOLVED BY THE COUNCIL OF THE CITY OF READING THAT:

The Mayor is authorized to execute a FFY2012 (38th CD year - January 1, 2012 to December 31, 2012) CDBG Action Plan Amendment to program \$91,000 in CDBG funds for the Lance Place Playground Improvements activity.

The activity's eligibility / fundability is low mod area 24CFR570.208(a)(1) / public facilities and improvements 24CFR570.201(c). The service area contains 69.6% low mod persons.

The Mayor, on behalf of the City of Reading, is authorized and directed to execute the amendment to the satisfaction of HUD.

PASSED COUNCIL _____, 2012

PRESIDENT OF COUNCIL

ATTEST:

RESOLUTION OF THE COUNCIL OF
THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA

WHEREAS, the Redevelopment Authority of the City of Reading (the “Authority”) is a public instrumentality of the Commonwealth of Pennsylvania and a public body corporate and politic organized and existing under the Urban Redevelopment Law, Act of May 24, 1945, P.L. 991, No. 385, as amended and supplemented (the “Act”), of the Commonwealth of Pennsylvania; and

WHEREAS, Alvernia University, a Pennsylvania not-for-profit corporation (the “University”), has requested the assistance of the Authority in connection with the financing of a project (the “Project”) consisting of, among other things, (i) the design, acquisition, construction and installation of new student housing and the construction of related roadways, paths and parking lots and facilities; (ii) the design, acquisition, construction and installation of an approximately 85,000 square foot field house; (iii) the design, construction, renovation and improvement of various capital improvements to the University’s existing buildings and facilities; and (iv) the payment of the costs of issuance of the Note (hereinafter defined); and

WHEREAS, in order to finance the Project, the University has requested the Authority to issue its Revenue Note (Alvernia University Project) Series of 2012 in an aggregate principal amount of not to exceed \$10,000,000 (the “Note”); and

WHEREAS, the Council of the City of Reading, Berks County, Pennsylvania (the “City”) approves the financing of the Project for the benefit of the University and has determined that it is in the best interests of the people in the City to have the Project provided and undertaken by the Authority; and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), the “applicable elected representative” of the governmental unit on behalf of which the Note is issued must approve the issuance of the debt after a public hearing following reasonable public notice; and

WHEREAS, pursuant to the Code, the term “applicable elected representative” means, among other things, the elected legislative body of the governmental unit on behalf of which the Note is issued; and

WHEREAS, the Council is the “applicable elected representative” of the City within the meaning of the Code; and

WHEREAS, the Council desires to authorize and direct the Mayor of the City to act on its behalf as such “applicable elected representative.”

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Reading, as follows:

In connection with the financing of the Project by the Authority, this Council hereby declares it to be desirable to have the Project provided by, and financed through, the Authority.

The Council hereby empowers, authorizes and directs the Mayor of the City to execute and deliver an “approval of applicable representative” in the form attached hereto; provided, that, such approval shall be delivered only following a public hearing, which has followed reasonable public notice, with respect to the Project. The Council intends that this Resolution and the subsequent execution and delivery of the approval of “applicable elected representative” by the Mayor of the City shall constitute the “approval by a government unit” required by Section 147(f) of the Code.

The approval granted hereby shall not, in any way, pledge or obligate the credit or taxing power of the City, nor shall the City be liable for the payment of the principal of, or interest on, any obligations issued by the Authority.

This Resolution shall become effective immediately.

In the event any provision, section, sentence, clause or part of this Resolution shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence or clause of this Resolution, it being the intent of this City that such remainder shall be and remain in full force and effect.

All resolutions or parts of resolutions inconsistent herewith are repealed.

ADOPTED this ____ day of March, 2012 by the Council of the City of Reading, in lawful session duly assembled.

CITY OF READING,
Berks County, Pennsylvania

By _____
Francis Acosta, President of Council

(SEAL)

Attest: _____
Linda A. Kelleher CMC, City Clerk

EXHIBIT "A"

APPROVAL OF APPLICABLE ELECTED REPRESENTATIVE

I, the undersigned Mayor of the City of Reading, Berks County, Pennsylvania (the "City"), having been designated and empowered to approve the issuance of tax-exempt bonds or notes by the Redevelopment Authority of the City of Reading, hereby approves the following Project of the Redevelopment Authority of the City of Reading:

NAME OF APPLICANT:	Alvernia University 400 St. Bernadine Street Reading, Pennsylvania 19607
ADDRESS OF PROJECT:	400 St. Bernadine Street Reading, Pennsylvania 19607
TOTAL COST OF PROJECT:	Approximately \$20,000,000
MAXIMUM AGGREGATE FACE AMOUNT OF DEBT TO BE ISSUED:	Not to exceed \$10,000,000
PROJECT DESCRIPTION:	The proceeds of the debt to be issued will be used to finance a project on behalf of the Applicant consisting of, among other things, (i) the design, acquisition, construction and installation of new student housing and the construction of related roadways, paths and parking lots and facilities; (ii) the design, acquisition, construction and installation of an approximately 85,000 square foot field house; (iii) the design, construction, renovation and improvement of various capital improvements to the Applicant's existing buildings and facilities; and (iv) the payment of the costs of issuance of the debt.

The approval hereby granted is limited in operation and effect to the Internal Revenue Code of 1986, as amended, and the regulations promulgated with respect thereto, and shall not create any liability or obligation on the part of the City.

Date: March __, 2012

By _____
Vaughan D. Spencer, Mayor

REDEVELOPMENT AUTHORITY OF THE CITY OF READING

Resolution No. _____

WHEREAS, the Redevelopment Authority of the City of Reading (the “Authority”) is a public instrumentality of the Commonwealth of Pennsylvania and a public body corporate and politic organized and existing under the Urban Redevelopment Law, Act of May 24, 1945, P.L. 991, No. 385, as amended (the “Act”); and

WHEREAS, Alvernia University, a Pennsylvania not-for-profit corporation (the “University”) and a charitable organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), has requested the assistance of the Authority in connection with the financing of a project (the “Project”) that consists of, among other things, (i) the design, acquisition, construction and installation of new student housing and the construction of related roadways, paths and parking lots and facilities; (ii) the design, acquisition, construction and installation of an approximately 85,000 square foot field house; (iii) the design, construction, renovation and improvement of various capital improvements to the University’s existing buildings and facilities; and (iv) the payment of the costs of issuance of the Note (hereinafter defined); and

WHEREAS, this Authority desires to finance the Project through the sale of its Revenue Note (Alvernia University Project), Series of 2012 (the “Note”), in an original principal amount of not to exceed \$10,000,000; and

WHEREAS, the Note will be purchased by a financial institution to be selected by the University (the “Bank”); and

WHEREAS, the Authority will enter into a Loan Agreement with the University (the “Loan Agreement”) wherein the Authority will, among other things, lend the proceeds of the Note to the University, and wherein the University will agree, among other things, to repay to the Authority the amount of such loan in installment amounts equal to the interest and principal payments coming due under the Note, all as set forth in the Loan Agreement; and

WHEREAS, as security for its obligations under the Note, the Authority has determined to assign, transfer and pledge unto the Bank all right, title and interest of the Authority in and to the Loan Agreement and sums payable thereunder (except for its rights to indemnification and to the payment of its costs, fees and expenses as provided in the Loan Agreement); and

WHEREAS, certain action is required to be taken by the Authority as a prerequisite to the issuance and sale of the Note; and

NOW, THEREFORE, BE IT RESOLVED by the Board of this Authority, as follows:

This Board hereby (i) approves the request of the University and agrees to undertake the financing of the Project and (ii) authorizes the issuance of the Note.

For the purpose of financing the Project through the issuance of the Note, this Authority hereby approves the issuance and sale of its Redevelopment Authority of the City of Reading Revenue Note (Alvernia University Project) Series of 2012, in an original principal amount of not to exceed \$10,000,000 to be substantially on such terms and conditions as may be acceptable to the University and this Authority.

This Authority shall enter into the Loan Agreement with the University, such Loan Agreement to be substantially on such terms and conditions as may be acceptable to counsel to this Authority. Pursuant to the Loan Agreement, the Authority will loan the proceeds of the Note to the University and the University will agree, among other things, to make certain loan repayments in amounts and at times equal to the principal of, premium, if any, and interest on the Note.

This Authority shall enter into an Assignment of Loan Agreement (the "Assignment") pursuant to which the Authority shall assign all of its right, title and interest (except for its right to indemnification and payment of its fees and expenses) in and to the Loan Agreement and the loan payments to be paid by the University thereunder to the Bank.

The Chair or Vice Chair are hereby authorized, empowered and directed to execute, attest, acknowledge and deliver, as applicable, the Loan Agreement and the Assignment, all substantially in the forms of such instruments as may be acceptable to counsel to this Authority, with such terms and conditions therein or modifications thereto as such counsel may approve, their execution and delivery thereof to constitute conclusive evidence of such approval.

This Authority hereby authorizes the issuance, delivery and sale of the Note, in fully registered form, in an original principal amount not to exceed \$10,000,000. The terms and conditions of the Note (including, without limiting the generality of the foregoing, the interest rates, interest payment dates, maturity dates and redemption provisions thereof) and the form of the Note shall be as approved by the University and Bond Counsel and shall be acceptable to the officers of this Authority who execute and deliver the Note, its execution and delivery thereof to constitute conclusive evidence of such approval.

The Chair or Vice Chair of this Authority are hereby authorized, empowered and directed to execute, by true or facsimile signature, the Note, and to cause to be affixed thereto the facsimile of or the true corporate seal of the Authority, and the Secretary or Assistant Secretary of this Authority is authorized, empowered and directed to attest, by true or facsimile signature, the execution of the Note and the affixing of the corporate seal; and such officers of this Authority are authorized and directed to deliver the Note to the Bank.

The Chair or Vice Chair of the Authority is authorized and directed to execute and deliver appropriate closing certificates and other certificates, instruments, elections, letters, financing statements, documents and agreements in connection with the issuance and sale of the Note and the use, deposit and disposition of the proceeds of the Note as may be required by Bond Counsel and counsel to this Authority.

The Chair or Vice Chair are authorized and directed to proceed promptly with the undertakings herein contemplated. Such officers are authorized, empowered and directed to do any

and all acts and things and to execute and deliver any and all documents, agreements, instruments or certificates that may be necessary, proper or desirable to effect the transactions contemplated by this Resolution, including, but not limited to, the execution and delivery of such documents, instruments, certificates, agreements, financing statements, letters, etc. as may be reasonably requested by Bond Counsel and as may be approved by counsel for the Authority. The execution and delivery, by the Chair or Vice Chair of the Authority, of any and all such documents, instruments or certificates that may be necessary, proper or desirable to effect the transactions contemplated by this Resolution shall constitute conclusive evidence of approval of any such document, instrument or certificate, as applicable, by the Authority.

In accordance with the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), this Authority hereby finds, determines and designates the Note as a "qualified tax-exempt obligation," as defined in Section 265(b)(3)(B) of the Code, for the purposes of Section 265(b) of the Code, and shall have authority to issue a declaration to effectuate such election.

The Chair or Vice Chair are each authorized to execute and cause to be filed the Form 8038 and any other letters, elections, statements, certificates, documents or instruments that may be necessary in the opinion of Bond Counsel and counsel to the Authority to assure and maintain the tax-exempt status of the Note as required by the Code and the regulations promulgated thereunder. The execution and delivery by any officer of the Authority, of the Form 8038 and any and all such other letters, elections, statements, certificates, documents or instruments, shall constitute conclusive evidence of approval of any and all such other letters, elections, statements, certificates, documents or instruments.

The liability of the Authority under any and all of the documents, instruments, agreements and certificates executed in connection with the issuance of the Note shall not constitute its general obligation and recourse against the Authority on the Note or under any and all of the documents, instruments, agreements and certificates executed and delivered in connection with the issuance of the Note, shall be had only against the revenues and collateral pledged pursuant to the Loan Agreement, the Note and any other documents, instruments or agreements executed and delivered in connection with the Note. It is expressly understood that the Authority shall not otherwise be obligated and that none of its members, officers or employees shall be obligated in any way for any costs, expenses, fees, or other obligations or liabilities incurred or imposed in connection with the Note, whether incurred prior to, on, or after the date of issuance. It is expressly understood that the Authority will receive indemnification and be held harmless by the University, from liability arising out of the Project or the offer and sale of the Note under the terms of the Loan Agreement.

This Authority approves, ratifies and confirms all action heretofore taken by officers and other persons in the name or on behalf of this Authority in connection with the undertakings herein contemplated, including, but not limited to, the publication of the TEFRA notice for the public hearing to be conducted by the Authority.

All attorney fees, commitment fees, and all other professional and advisory fees incurred in connection with the Project shall be paid by the University. The Authority shall have no liability with respect to such costs.

This Resolution shall become effective immediately.

In the event any provision, section, sentence, clause or part of this Resolution shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Resolution, it being the intent of this Authority that such remainder shall be and shall remain in full force and effect.

All resolutions or parts of resolutions inconsistent herewith are repealed.

DULY ADOPTED this 21st day of March, 2012, by the Board of the Redevelopment Authority of the City of Reading, in lawful session duly assembled.

By _____
Chairman

(SEAL)

Attest: _____
(Assistant) Secretary

BILL NO. _____

AN ORDINANCE

**AN ORDINANCE OF THE CITY OF READING SETTING FORTH THE SALARY OF
THE MANAGING DIRECTOR OF THE CITY OF READING**

**THE COUNCIL OF THE CITY OF READING HEREBY ORDAINS AS
FOLLOWS:**

SECTION 1. The salary of the Managing Director of the city of Reading shall be NINETY FIVE THOUSAND FIVE HUNDRED FIFTY DOLLARS (\$95,550.00) per annum, payable in equal bi-monthly installments, or as otherwise provided for by ordinance.

SECTION 2. All ordinances or parts of ordinances which are inconsistent herewith are hereby repealed.

SECTION 3. This Ordinance shall become effective ten (10) days after its adoption in accordance with Sections 219 & 221 of the City of Reading Home Rule Charter.

Enacted by Council _____, 2012

President of Council

Attest:

City Clerk

From: David M. Cituk

Sent: Tuesday, August 09, 2011 1:49 PM

To: Linda A. Kelleher

Cc: John B. Nagel; Francis Acosta; Donna Reed; Jeff Waltman; Carl E. Geffken

Subject: RE: Reminder - Audit Issues

To all,

Here are some areas which the Auditor's office will provide reports/analysis/audits during the remainder of 2011.

- City Park Improvements
- Pagoda Improvements
- WWTP Capital expenses (1/1/2008-6/30/2011)
- Southwest Fire Station (post-completion audit)
- Compliance-transfers
- Follow-up to external audit findings
- 2011 tax-exempt properties analysis
- Fire escrow audit (2009-2010)

Dave

From: Linda A. Kelleher

Sent: Wednesday, August 03, 2011 1:38 PM

To: David M. Cituk

Cc: John B. Nagel; Francis Acosta; Donna Reed; Jeff Waltman; Carl E. Geffken

Subject: Reminder - Audit Issues

Hey Dave...just a reminder that you promised the Finance Committee to select your internal audit action areas and issues before the August Finance Meeting, which is scheduled for 8-25.

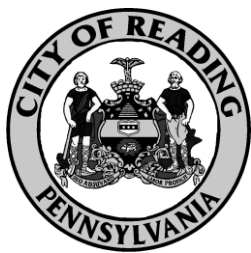
Linda A. Kelleher CMC, City Clerk

City of Reading

815 Washington Street

Reading, PA 19601

Phone 610.655.6204



CITY OF READING, PENNSYLVANIA

MEMORANDUM

TO: Carl E. Geffken, David Cituk
FROM: Christian F. Zale, City Controller
DATE: February 27, 2012
SUBJECT: Schedule of Transfers – February 2012

The following transfers occurred in February 2012 as specified in the 2012 council approved budget:

To General Fund (01):

Indirect Cost: CD (32) \$15,833.33; Sewer (54) \$86,063.33; Recycling (56) \$11,195.00; Water (50) 56,503.33

Transfers: Sewer (54) \$250,000.00; Recycling (56) \$16,666.67; Water (50) \$368,333.33

Water RAWA Act 47: \$125,000.00

Meter Surcharges: Water (50) \$141,666.00

To Water Fund (50):

Meter Reading Cost: Sewer (54) \$20,833.33

RAWA Lease Agreement: From RAWA \$1,100,000.00

To Self Insurance (52):

Sewer (54) \$75,416.67; Water (50) \$72,386.25; General (01) \$140,641.08

Corrections in February:

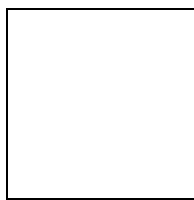
\$15,000.00 from Water (50) to General (01) for January's error

\$1,100,000.00 between RAWA (98) and GDA (01) accounts for February's error

Additional Transfer:

\$1,000.00 from General (01) to Agency (31) for Youth Day donation

These transfers are reflected in February trial balance. Also, the related cash has been transferred among the various funds; thus, no impact in the DT/DF accounts. This activity has been confirmed by the City Auditor.



City of Reading, PA
General Fund Income Statement

February 29, 2012
(as of March 13, 2012)

	2012 Budget	2012 Year to Date	% of Budget
<i>Revenues</i>			
Real Estate Taxes	19,051,332.00	495,879.00	3%
Earned Income Tax	13,069,120.00	579,215.00	4%
Act 511 Taxes	4,856,445.00	618,094.00	13%
Licenses, Permits & Fines	6,018,113.00	861,457.00	14%
Intergovernmental	9,147,198.00	378,818.00	4%
Charges for Services	5,631,928.00	546,986.00	10%
Interest and Rent	3,044,408.00	51,169.00	2%
Other	4,657,482.00	501,367.00	11%
	-		
<i>TOTAL REVENUES</i>	\$ 65,476,026.00	\$ 4,032,985.00	6%

Expenditures

Mayor	351,720.00	67,992.00	19%
City Council	305,251.00	35,656.00	12%
City Auditor	145,511.00	18,987.00	13%
Managing Director	354,288.00	83,679.00	24%
Finance	3,887,256.00	449,614.00	12%
Public Works	6,178,756.00	778,430.00	13%
Police	25,365,255.00	3,482,354.00	14%
Fire	14,542,372.00	1,865,557.00	13%
Community Development	3,567,988.00	366,675.00	10%
Human Resources	535,729.00	58,027.00	11%
Law		73,620.00	10%

	726,489.00		
Library	742,442.00	111,061.00	15%
Non-Departmental	1,374,810.00	251,336.00	18%
Board of Ethics	10,000.00	933.00	9%
Charter Board	50,000.00	2,308.00	5%
Human Relations Commission	179,767.00	21,130.00	12%
Debt Service	13,093,199.00	206,797.00	2%
	\$	\$	
TOTAL EXPENDITURES	71,410,833.00	7,874,156.00	11%

Excess (Deficiency) of

Funding Sources of Uses

\$	\$
(5,934,807.00)	(3,841,171.00)

OTHER FINANCING SOURCES (USES)

Bond Proceeds	\$ -	\$ -	
Transfers In	7,622,500.00	1,270,000.00	17%
Transfers	(1,687,693.00)	(281,282.00)	17%
	\$		
TOTAL OTHER FINANCING SOURCES	5,934,807.00	988,718.00	

**Excess of Revenues and other
Financing
Sources Over (Under) Expenditures and**

Other Financing Uses \$ - (2,852,453.00)

City of Reading, PA

Cash Flow Projection

February 29, 2012 Cash Balance **\$ 12,884,202**

March 1, 2012 through December 31, 2012 Activity:

Excess of Revenues and other Financing Sources Over (Under) Expenditures and Other Financing Uses **\$ 581,024**

December 31, 2012 Cash Balance before Adjustments **\$ 13,465,226**

Adjustments:

Due To / Due From Balances:	Beginning to 12/31/2010	1/1/2011 to 12/31/2011
Community Development	\$ -	\$ -
Sewer	\$ -	\$ -
Recycle/Trash	\$ -	\$ -
Self Insurance	\$ -	\$ -
Water	\$ -	\$ -
Agency	\$ -	\$ -
Total		\$ -
Other		\$ -
Net Adjustments		\$ -

Estimated Decembr 31, 2012 Cash Balance	\$ 13,465,226
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City of Reading Community Development

3/13/2012						Available to go	Percentage	
<u>YEAR</u>	Allocated	Spent		Total	Unspent	Back into LOC	Completion	
		Entitlement	Program Income	Spent				
-								
-								
<u>2009 CDBG</u>								
Centre Park Historic District Artifacts Bank	25,500.00	25,500.00		-	25,500.00		0%	
TOTAL	25,500.00	25,500.00		-	25,500.00		0%	
<u>CDBG-R</u>								
500 block Court St. CDBG-R	216,100.16	216,100.16		54,295.84	161,804.32		25%	
Blighted Property Review Committee CDBG-R	83,000.00	83,000.00		60,646.06	22,353.94		73%	
TOTAL	299,100.16	299,100.16		114,941.90	184,158.26		38%	
<u>HPRP</u>								
Opportunity House - HPRP	1,147,374.53	1,147,374.53		871,510.06	275,864.47		76%	
HPRP Admin	53,168.12	53,168.12		30,872.65	22,295.47		58%	
Human Relations Commission - HPRP	67,351.00	67,351.00		56,294.44	11,056.56		84%	
TOTAL	1,267,893.65	1,267,893.65		958,677.15	309,216.50		76%	
<u>2010 CDBG</u>				-	-			
Barbey Playground Improvements	50,000.00	50,000.00		11,112.82	38,887.18		22%	
BPRC / RRA	169,000.00	169,000.00		-	169,000.00		0%	
Residential Facade Improvements	37,275.00	37,275.00		18,835.00	18,440.00		51%	

Fire Station Improvements	168,640.00	168,640.00		56,975.26	111,664.74			34%	
Library Improvements	170,000.00	170,000.00		93,951.81	76,048.19			55%	
TOTAL	594,915.00	594,915.00		180,874.89	414,040.11			30%	
<u>NSP2</u>									
NSP2 ACQUISTION OCR	675,000.00	675,000.00		581,382.88	93,617.12			86%	
NSP2 ACQUISTION CD/RHA	246,308.75	246,308.75		-	246,308.75			0%	
NSP2 ADMINISTRATION	383,031.25	383,031.25		\$370,964.54	12,066.71			97%	
NSP2 REHAB OCR	2,700,000.00	2,700,000.00		2,698,636.15	1,363.85			100%	
NSP2 REHAB RHA	995,660.00	995,660.00		989,226.85	6,433.15			99%	
TOTAL	5,000,000.00	5,000,000.00		4,640,210.42	359,789.58			93%	
<u>2011 CDBG</u>									
3rd and Spruce Basketball Courts	70,000.00	70,000.00		11,314.91	58,685.09			16%	
Library Improvements	150,000.00	150,000.00			150,000.00			0%	
Olivet's Boys & Girls Clinton St Pool	88,000.00	88,000.00			88,000.00			0%	
Schlegel Park Pool Improvements	280,000.00	280,000.00			280,000.00			0%	
11th and Pike Playground Improvements	222,080.00	222,080.00		94.45	221,985.55			0%	
Barbey Playground	255,481.36	255,481.36		144,427.22	111,054.14			57%	
Facade Improvements – Commercial	50,000.00	50,000.00		-	50,000.00			0%	
Emergency Demos	375,000.00	375,000.00		319,682.98	55,317.02			85%	
Liberty Fire Station	26,000.00	26,000.00		22.02	25,977.98			0%	
NHS Home-ownership Assistance	75,000.00	75,000.00		-	75,000.00			0%	
NHS Major System Rehabilitation	75,000.00	75,000.00		45,038.51	29,961.49			60%	

Reading Iron Playground Improvements	125,000.00	125,000.00		1,584.79	123,415.21			1%	
Facade Improvements – Residential	35,000.00	35,000.00		12,562.50	22,437.50			36%	
Baer Boxing Program	4,647.20	4,647.20		4,647.20	-			100%	
TOTAL	1,831,208.56	1,831,208.56	-	539,374.58	1,291,833.98			29%	
<u>2012 CDBG</u>									
Lance Place Improvements	91,000.00	91,000.00		-	91,000.00			0%	
*Microenterprise Technical Assistance	50,000.00	50,000.00		-	50,000.00			0%	
TOTAL	141,000.00	141,000.00		-	141,000.00			0%	
<i>*Pending new CD Director</i>									
<u>HESG</u>									
Emergency Shelter Grant Admin	6,800.00	6,800.00		5,076.01	1,723.99			75%	
ESG11 Homeless Prevention	8,000.00	8,000.00		1,386.30	6,613.70			17%	
ESG11 Data Collection (HMIS)	-	-		-	-			0%	
Mary's Shelter - Operations	36,405.60	36,405.60		9,696.74	26,708.86			27%	
Mary's Shelter - Essential Services	84,946.40	84,946.40		9,806.36	75,140.04			12%	
TOTAL	136,152.00	136,152.00		25,965.41	110,186.59			19%	
<u>Other Accounts</u>	Balances	Add	Interest	Spent	Balances				
EZ FRED	29,880.39			20,000.00	9,880.39				
HOME PROG INC	376.91				376.91				
CDBG PROG INC	894.72				894.72				
UDAG	155,171.79			5,000.00	150,171.79				
SEC 108	407,151.19				407,151.19				
STATE OF PA - CIDC (Microloan Prog)	550,000.00	20,000.00			472,875.86				

				97,124.14					
FAMILY BUSINESS PROGRAM	572,647.14				572,647.14				
TOTAL CDBG EN BALANCE(3/13/2012)	\$1,851,661.85			-	1,851,661.85				
TOTAL CDBG PI BALANCE (3/13/2012)	88,050.85			-	88,050.85				
<u>CDBG Funds To Be Spent</u>									
Line of Credit	\$1,939,712.70								
TTL CDBG 2009 - 2011 To Be Spent	1,872,374.09								
Difference	\$67,338.61								
<u>CDBG 2011 Timelines Test</u>									
**Timelines Test Amount	4,206,765.00								
Estimated Line of Credit	1,939,712.70								
Over/(under Cap)	(2,267,052.30)								

**Note: In compliance with CDBG Timelines rules by November 1, 2011, CDBG line of credit must be below \$4,206,765.00 (current year grant times 1.5)

PR 02/PR 27 HOME program reconciliation					3/6/2012
Program Year	Grant Balance (PR 27)	Admin Balance (PR 27)	OCR Balance (PR 02)	NHS Balance (PR 02)	Unprogrammed
2008	\$ -	\$ -	\$ -	\$ -	\$ -
2009	\$ 49,451.89	\$ 22,491.22	\$ -	\$ 26,960.67	\$ -
2010	\$ 409,562.67	\$ 106,811.40	\$ 77,491.87	\$ 133,318.17	\$ 91,941.23
2011	\$ 943,508.00	\$ 94,350.80	\$ 194,319.79	\$ 160,217.10	\$ 494,620.31
Current	\$ 1,402,522.56	\$ 223,653.42	\$ 271,811.66	\$ 320,495.94	\$ 586,561.54

Proposed Habitat Activity	\$ 278,000.00
	\$ 308,561.54
GW Apts loan (net of Admin)	\$ 495,000.00
	\$ 803,561.54